



**IOWA FINANCE AUTHORITY  
BOARD MEETING MINUTES**

**Iowa Finance Authority Presentation Room  
2015 Grand Avenue  
Des Moines, Iowa**

**January 9, 2008**

**Board Members Present**

Kay Anderson, Chair  
Carmela Brown, Treasurer  
Steven Adams (via telephone)  
Heather Armstrong (via telephone)

Virginia Bordwell (via telephone)  
David Erickson  
Douglas Walter

**Staff Members Present**

Bret Mills, Executive Director  
Lori Beary, Community Development Director  
Irene Hardisty, Director of Single-Family  
Production  
Steven Harvey, Director of Operations  
Joseph Jones, Director of Governmental  
Affairs  
Shawna Lode, Communications Director  
Susan Mock, Administrative Assistant  
Tim Morlan, Underwriter

Loyd Ogle, Director of Title Guaranty Division  
Joe O'Hern, Director of HousingIowa  
Carla Pope, Director of Affordable Rental  
Production  
Terri Rosonke, Affordable Assisted Living  
Coordinator  
James Smith, Deputy Director/CFO  
Mark Thompson, General Counsel  
Nancy Wallis, Administrative Assistant

**Others Present**

Kristi Boyce – Wells Fargo Bank Iowa, NA  
Jesse Burns – Burns & Burns  
Jim Conlin – Conlin Properties  
Steve Ferguson – Bankers Trust  
Dan Garrett – Midwest Housing Equity Group

David Gregory – Bankers Trust  
David Grossklaus – Dorsey & Whitney Law Firm  
Stephanie Preusch – Iowa Home Ownership  
Education Project (IHOEP)  
Kyle Rice – State Treasurer's Office

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## **Call to Order**

Chair Anderson called to order the January 9, 2008, regular meeting of the Iowa Finance Authority (IFA) Board of Directors at 11:05 a.m. Roll call was taken and a quorum was established with the following members present: Adams, Anderson, Armstrong, Bordwell, Brown, Erickson and Walter.

Because a quorum was not present in person, Mr. Thompson noted that the meeting would be considered an electronic meeting. He said the reason for the electronic meeting was that the personal schedules of the Board members made it impractical to meet in person.

## **Review of Minutes**

### **December 4, 2007, Board Training; December 5, 2007, Board Meeting; December 19, 2007, Telephonic Meeting; December 31, 2007, Telephonic Meeting**

Chair Anderson introduced the minutes of the four IFA Board meetings held in December 2007. Mr. Thompson said the minutes of all four meetings could be considered as one Board action.

**MOTION:** On a motion by Ms. Brown and a second by Mr. Erickson, the Board unanimously approved the minutes of the December Board meetings.

## **Administration**

### **Summary & Overview**

Mr. Mills announced that IFA's FirstHome Program had finished a record-breaking year. He said that during CY07, IFA financed more than \$300 million in home loans to assist nearly 3,500 people. He also reported that in the first six months of FY08, IFA's water quality programs closed more loans than in all of FY07. Mr. Mills thanked staff in those areas for their contributions to the citizens of Iowa.

### **Accounting and Finance**

#### **Review of Financial Statement**

Mr. Harvey presented the November financial statement, noting that as a housing agency, IFA's year-to-date revenue is unfavorable to budget, and year-to-date expenses are favorable to budget, making the year-to-date operating income unfavorable to budget by \$329,757. He said the main reasons the revenue is unfavorable to budget is that TG fees are less than expected (although November income was above budget), and grant income for the Emergency Shelter Grant Program is behind budget.

Mr. Harvey stated that the State Revolving Fund (SRF) year-to-date operating income is currently unfavorable to budget.

**MOTION:** On a motion by Mr. Walter and a second by Ms. Bordwell, the Board unanimously accepted the November financial statement.

### **Amending Resolution - Multifamily Loans and Issuance of Multifamily Bonds, Series 2008 A, B & C**

Mr. Smith introduced the amending resolution and explained that the Board approved the original resolution on December 5, 2007. He noted, however, that the developer chose not to move forward with Garden Apartments, but instead has asked to include Park Apartments in place of Garden Apartments for the loan. Mr. Morlan briefly summarized the Park Apartments project and the terms of the loan.

MOTION: Ms. Bordwell made a motion to approve the resolution amending the resolution authorizing and approving mortgage loans to St. Mary's Apartments of Dubuque, LLC; Rumely Housing, LLC; Art House, LLC; and Garden Apartments, LP; authorizing the issuance and sale of Iowa Finance Authority Multifamily Housing Bonds in one or more series; authorizing and approving the execution and delivery of related documents; and delegating certain responsibilities to the Executive Director for approving the final terms of the Bonds and the forms and content of related financing documents and the mortgage loans to St. Mary's Apartments of Dubuque, LLC; Rumely Housing, LLC; Art House, LLC; and Garden Apartments, LP in order to rescind the approval of a loan to Garden Apartments, LP, and to approve a loan to Park Apartments, L.P. On a second by Mr. Adams, the Board unanimously adopted the amending resolution approving the multifamily loans and the issuance of Multifamily Bonds, Series 2008 A, B & C.

### Legal

#### Waiver Request from Skyline Center for Project-Based Housing Program

Ms. Rosonke explained that the Skyline Center is a Low-Income Housing Tax Credit (LIHTC) project in Clinton that has applied for a State Housing Trust Fund (SHTF) grant of \$90,000 to help complete the project. She said this is the first year tax credit projects have been eligible for SHTF money under the Project-Based Housing Program, but that the requirements for SHTF projects differ from the requirements for tax credit projects.

Ms. Rosonke stated that the project qualifies for the Project-Based Housing Program as a service-enriched housing project, but is unable to meet the requirement that developers commit to reserving at least 33 percent of the units for households at or below 30 percent of the area median income (AMI). Because the project was originally structured under the LIHTC Qualified Allocation Plan as a service-enriched housing project, which required that 60 percent of the units be reserved for households at or below 40 percent AMI, the Executive Director of Skyline Center has said that further reductions in the project's rents to meet the requirements of the Project-Based Housing Program would result in financial failure. Therefore, the project is requesting a waiver of Section 2.5.9 of the Project-Based Housing Program Allocation Plan.

Mr. Thompson explained the points that the Board must consider before granting a waiver, as set forth in IFA's rule 265 – 18.4.

Board members expressed concern that by approving the waiver, they would set a precedent that might prove problematic in the future. A lengthy discussion followed regarding the possibility of a future amendment to the Project-Based Housing Program Allocation Plan to better align it with the LIHTC Qualified Allocation Plan. Ms. Rosonke reported that plans are in place to consider such changes for the next fiscal year.

Mr. Morlan noted that the project currently has a Senior Living Revolving Loan and that staff could work with the project in an effort to find additional financing.

MOTION: Mr. Erickson made a motion to direct Mr. Thompson to draft a resolution tentatively granting the requested waiver for Board consideration at the February meeting, with the understanding that: (1) staff would work with the project in an effort to find alternative funding prior to the February Board meeting; and (2) the determination of whether to grant or deny the waiver will be subject to a full reconsideration by the Board at the February Board meeting. On a second by Mr. Adams, the Board voted unanimously to approve the directive for a draft resolution and for staff to work with the project in an effort to secure additional financing.

Mr. Thompson then updated the Board on the Iowa Land Title Association's suit against IFA's Title Guaranty Division regarding a waiver on title plant requirements. He reported that on December 28, 2007, the District Court upheld TG's action, ruling that TG used the correct definition of hardship and that it correctly determined that the waiver would serve the public interest. Mr. Thompson noted the appeal period for the ruling will expire at the end of January 2008.

### **Legislative**

Mr. Jones reported that the 2008 Iowa legislative session will begin on Monday, January 14, 2008. He summarized the various bill requests that IFA has submitted, but he said those bills have not yet been drafted.

Mr. Jones stated that although Congress is not back in session, the President signed the omnibus FY08 appropriations bill funding HUD, USDA and other government agencies. He summarized other federal legislation that is under consideration.

### **Communications**

Ms. Lode distributed a draft version of a new quarterly newsletter for home buyers who used the FirstHome and FirstHome Plus programs. She said the first issue will be sent out within a month. Ms. Lode also announced that IFA will serve funnel cakes in the capitol rotunda on March 24, 2008, to introduce legislators to IFA's programs.

Ms. Lode reported that she will issue a statewide announcement highlighting the record-breaking year in IFA's FirstHome Program. She said IFA will mail certificates to all FirstHome participating lenders recognizing them for their contribution to homeownership in Iowa.

Ms. Lode also noted that IFA's advertising agency continues to work with DNR and IFA to create a brand identity for the State Revolving Fund. She said she hopes the project is completed before summer.

## **HousingIowa**

### **Single-Family Housing Programs**

#### **IHOEP Presentation re: Foreclosure Prevention**

Ms. Hardisty introduced Ms. Preusch, Executive Director of IHOEP. She provided a brief history of IHOEP, a nonprofit organization with 54 members committed to developing, improving and supporting quality homeownership education, as well as providing technical skills, building capacity and obtaining grants for nonprofit homeownership education providers throughout the state. Ms. Preusch distributed a document about IHOEP's work with foreclosure issues.

Ms. Preusch reported that the federal government lists Iowa as a state with a large "area of greatest need" in terms of foreclosure problems. She stated that some of the most prevalent needs include: 1) training new counselors in an effort to prevent foreclosure and to help homeowners find alternate housing, and 2) funding to pay for the training and the counselors.

Ms. Preusch noted that recent legislation names NeighborWorks America as administrator of a \$180 million grant for national mortgage foreclosure prevention counseling. She said the organization will award at least \$50 million within 60 days of the legislation's enactment to states and areas with the greatest need.

### IHOEP Resolution

Mr. Mills introduced a resolution that would provide a grant of \$5,000 to IHOEP to help defray general operating expenses as the organization continues its efforts to increase quality homeownership education services and financial literacy throughout Iowa.

MOTION: On a motion by Mr. Erickson and a second by Ms. Brown, the Board unanimously approved the resolution granting \$5,000 to IHOEP.

### Affordable Rental Production

#### Resolution – Appointment of State Housing Trust Fund (SHTF) Advisory Board Members

Ms. Pope introduced a resolution approving the appointment of nine members to the SHTF Advisory Board.

Ms. Rosonke reported that the IFA Board originally approved the appointment of nine members to the Advisory Board in September 2006. She noted, however, that because of staffing turnover at some of the housing industry organizations represented on the Advisory Board, some of those nine members are no longer available to serve.

Ms. Rosonke announced that the recommended list of Advisory Board members was included in the Board packets, and that terms of all appointed members expire on September 13, 2008.

Mr. Adams noted that he would abstain from discussing and voting on the resolution due to a conflict of interest as he and one of the appointees have the same employer.

MOTION: Mr. Erickson made a motion to approve the resolution appointing to the State Housing Trust Fund Advisory Board the individuals listed on Exhibit A of the resolution. On a second by Ms. Armstrong, a vote was taken with the following results: YES – Anderson, Armstrong, Bordwell, Brown, Erickson and Walter; NO – None; ABSTAIN – Adams, due to the conflict of interest previously noted (see attached letter). On a majority vote, the Board approved the resolution appointing nine members to the State Housing Trust Fund Advisory Board.

#### Resolution – Project-Based Housing Program Awards

Ms. Rosonke stated that IFA has an open-window application period for the Project-Based Housing Program, and that IFA has received 14 applications requesting a total of \$1,230,000 of the \$1,764,800 available for FY08. She reported that three applications requesting a total of \$260,000 are under consideration in the resolution currently before the Board.

Mr. Adams said he would abstain from discussing and voting on the resolution due to a potential development partnership with one of the applicants.

MOTION: Mr. Walter made a motion to approve the resolution awarding grants under the Project-Based Housing Program to the three recipients and in the amounts listed in Exhibit A of the resolution. On a second by Ms. Armstrong, a vote was taken with the following results: YES – Anderson, Armstrong, Bordwell, Brown, Erickson and Walter; NO – None; ABSTAIN – Adams, due to the conflict of interest previously noted (see attached letter). On a majority vote, the Board approved the resolution awarding grants under the Project-Based Housing Program.

### **Title Guaranty Division (TG)**

Mr. Ogle reported that while the mortgage business is declining, TG's revenue in November 2007 increased from November 2006. He also announced that because the court case involving the Hendricks waiver request has been resolved, the TG Board will begin to develop administrative rules to improve some definitions, although the IFA Board probably will not be presented with those rules for consideration before summer.

Mr. Ogle updated the Board on some personnel issues and said that because many certificates are now field-issued, several staff members have been reassigned, resulting in an active auditing program for TG's Closing Protection Letters.

### **Water Quality Programs**

#### **Resolution – Planning and Design Loans**

Ms. Beary introduced a resolution to approve more than \$3.9 million in Planning and Design Loans for Cresco, Coralville, Promise City, Reasoner, Charles City and Des Moines Metropolitan Wastewater Reclamation Authority, as well as an increase on existing loans for Council Bluffs and Lamoni Municipal Utilities. She noted that with the adoption of this resolution, IFA has approved Planning and Design Loans in FY08 for 29 projects totaling more than \$10.1 million.

**MOTION:** On a motion by Ms. Brown and a second by Ms. Bordwell, the Board unanimously approved the Planning and Design Loan Resolution.

Ms. Beary then announced that in the first six months of FY08, IFA has closed \$58 million in Clean Water SRF loans and \$52 million in Drinking Water SRF loans, compared to \$31.6 million and \$31.5 million respectively in all of FY07. She distributed a draft version of a report the Iowa Environmental Protection Commission sent to the Governor and General Assembly. She noted that the third paragraph of the report commends IFA and DNR for the cooperative effort to manage and promote the SRF funds, and makes recommendations for continued improvements to the state's water quality programs.

### **Miscellaneous Items**

#### **Receive Comments from General Public**

Chair Anderson opened the public comment period and asked if anyone in the audience would like to address the Board.

There being no audience members wishing to address the Board, Chair Anderson closed the public comment period.

Chair Anderson said the next meeting would be held at 10:45 a.m. on February 6, 2008, in IFA's Presentation Room.

## **Adjournment**

There being no further business, on a motion by Mr. Erickson and a second by Mr. Walter, the January 9, 2008, meeting of the IFA Board of Directors adjourned at 12:26 p.m.

Dated this 6th day of February 2008.

Respectfully submitted:

Approved as to form:

Bret L. Mills  
Executive Director  
Iowa Finance Authority

Kay Anderson, Chair  
Iowa Finance Authority

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